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Honorable Thomas J. Vilsack
Governor of Iowa
State Capitol Building
Des Moines, Iowa 50319-0004

Dear Governor Vilsack:

The purpose of this letter is to bring to your attention information regarding a personnel services contract (contract) entered into by the Iowa Department of Human Services (DHS) and Cathy R. Anderson. Recognizing that this contract was entered into during the transition to a new administration, I want to provide our analysis, identification of observations and recommendations to you and to Jessie K. Rasmussen, Director of DHS.

Background

Ms. Rasmussen was appointed Director of DHS on April 5, 1999. Ms. Rasmussen had previously been employed by the State of Nebraska as Director of the Department of Health and Human Services. On April 19, 1999, DHS signed a personnel services contract with Cathy R. Anderson for the period April 5, 1999 through April 30, 1999. See Attachment 1, Personnel Services Contract - page 1. On May 3, 1999, Ms. Anderson was employed as Deputy Director of DHS. Ms. Anderson had been employed as Administrator for the Southeast Services Area and Developmental Disability System for the Nebraska Department of Health and Human Services, until April 30, 1999.

The purpose of the contract was to retain Ms. Anderson to develop outlines and initial work products around the analysis of three key work areas: DHS Facilities Analysis, Field Operations Analysis, and DHS Interface with the Developmental Disabilities Planning Council. According to the contract, Ms. Anderson was to be paid a fee not to exceed \$21,962, or \$5,490.50 per week, for the four weeks of the contract period. Ms. Anderson was paid \$21,962 on May 13, 1999.

Contract Overview

Ms. Anderson performed the analysis through research of DHS, interviews with staff and interview question responses from Deputy Directors and Program and Regional Administrators. In addition, three questions were posed to the various Division personnel: "Where are we today? What's working? What needs to be improved or changed?" The general themes of the responses revolved around: communication, teamwork, customer service, training and technology. See Attachment 2, Summary of Responses.

Division personnel also indicated through their answers to the questions that the following additional resources were needed: more staff, more flexibility and more training. In addition, at least one response stated that, "We need to charge ourselves to find ways to approve applications instead of looking for a reason to deny them, and to look for ways to avoid canceling benefits instead of looking for a reason to cancel."

Ms. Anderson also developed an analysis of four specific areas of focus for the Department, which included: establish unified service delivery system, establish a human service system based on results, establish partnerships based on shared decision making, shared responsibilities and shared accountability, and establish a human service system founded in quality. The analysis also included the actions/needs associated with each specific area of focus. See Attachment 3, Specific Areas of Focus.

Ms. Anderson also prepared the MH/DD (Mental Health/Developmental Disabilities) Restructuring Analysis based upon the review of written reports and interviews with DHS personnel, the Iowa DD Planning Council and others associated with MH/DD issues. The analysis identified issues associated with MH/DD and the potential actions to deal with the issues identified. See Attachment 4, MH/DD Restructuring Analysis.

In addition to the items noted above, Ms. Rasmussen indicated that additional information gathered by Ms. Anderson through interviews and research was verbally communicated and not reduced to writing.

The contract required Ms. Anderson to submit detailed invoices for goods and services rendered with appropriate documentation as necessary to support all charges included on the invoice.

Employment

On May 3, 1999, Ms. Anderson became Deputy Director of DHS. Her duties as Deputy Director as outlined in the Iowa Department of Personnel Position Description Questionnaire completed by the Department include the following:

- Serve as a member of the DHS management team which helps provide the overall planning, direction, coordination and evaluation of the Department's operations
- Advise on activities, operations and programs
- Chairs internal and external committees and serves as liaison with various internal and external groups
- Assist the Director with internal communication of key issues and goals by; preparing agendas and conducting meetings with management and non-management personnel; obtaining feedback on issues; and developing proposals to enhance internal communications with all staff
- Evaluate changes in functions, structure, staffing levels and related actions proposed by the management team.

Ms. Anderson's starting bi-weekly salary was \$3,444, or approximately \$89,544 a year.

Observations and Recommendations

As Deputy Director, the responsibility for developing outlines and initial work products would logically be included in the duties to provide overall planning, direction, coordination and evaluation of the Department's operation. The services for which DHS contracted with Ms. Anderson to develop outlines and initial work products are within the purview of her duties as Deputy Director.

It appears that the Specific Areas of Focus (Attachment 3) and MH/DD Restructuring Analysis (Attachment 4) have outlined the issues and potential actions or needs in those areas, but specific work products have not been developed to address the identified issues. A DHS Facilities analysis has not been reduced to writing and specific work products to address any identified issues have not been developed. DHS should determine those aspects of the contract that have not been completed and request that information be provided at no additional cost to DHS.

Based on the Transition Work Log maintained, it appears that Ms. Anderson spent approximately 140 hours on the contract. This time included meetings with Ms. Rasmussen, interviews with DHS staff and others associated with DHS, travel to the five regional offices to meet with staff and deliver the transition message, a visit to the Glenwood State Hospital School and processing material from interviews and meetings. Travel costs were estimated to range from \$1,600 to \$1,900 based on the travel indicated in the Transition Work Log. Based on these estimates, it appears that Ms. Anderson was paid approximately \$140 an hour for the time spent on the contract.

If the services provided under the contract had been completed as part of Ms. Anderson's regular employment duties, the estimated cost of services, including travel at state rates, would have been approximately \$8,900, or approximately \$13,000 less than the amount actually paid. We question the reasonableness of the contract amount of \$21,962 when compared to the estimated wages and travel of \$8,900 that would have been paid for the same activities as Deputy Director.

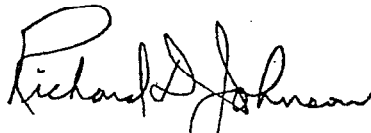
The Department should develop procedures to ensure that contracts are reviewed for reasonableness, are cost effective and that services contracted for are provided in accordance with the contract.

Attachment 5 represents the invoice submitted by Ms. Anderson. The invoice was not accompanied by documentation to support all charges included in the invoice as required by the contract. DHS should ensure that personnel service contracts are signed before the work begins and request documentation to support all charges included in the invoice as required by the contract.

The mission statement of the DHS states that, "The Iowa Department of Human Services is a public expression of Iowa's desire for a stronger community. Working cooperatively with others, the Department of Human Services meets the unique needs of individuals who are experiencing personal, economic, social, or health problems. The primary responsibilities of the Department are to help and empower individuals and families to become increasingly self-sufficient and productive, and strive to improve the well-being of all the people of the State of Iowa." In the pursuit of its mission, DHS should ensure that only applicants that meet the criteria for approval are awarded services, and those benefits are cancelled when applicants are no longer eligible.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Sincerely,



Richard D. Johnson

cc: Jessie K. Rasmussen

Attachments

Consultant Engagement
Between the Iowa Department of Human Services
and Paul J. Cote, Jr.

I. Perform Transitional Assessment and Develop Agency Action Plan Process

Process

- Reviewed Agency Policies, Reports, Operations
- Interviewed Key Staff
- Organized and Facilitated Leadership Meetings
- Designed Process Materials

Products

- Transition Management Process
- Transitional Work Plan
- Strategic Design Process
- Overall Action Planning Process
- Planning Tools and Models
- Action Planning Process
- Inpatient (Facility) Staff Analysis

II. Develop Community Input Strategy

Process

- Held 21 Statewide Community Forums
- Designed Input Process
- Trained Community Forum Facilitators
- Facilitated Results Driven Discussions
- Forum Input Organized by Leadership Team
- Facilitated Synthesis Process with Leadership Team

Products

- Community Forum Input Tool
- Forum Agenda and Handouts
- Director Video
- Facilitator Training
- Forum Synthesis

III. Develop Preferred DHS System Model and Resource Management Model

Process

- Established and Managed DHS Work Teams
- Established and Supported DHS Action Plan Steering Committee
- Executed Multiple "Expert" Interviews with DHS Employees
- Established Stakeholder Input Process
- Designed and Supported Management Retreats

Products

- Work Plan for Designing Preferred DHS Service System
- Preferred DHS Service System Principles and Roles
- Preferred DHS Service System Management Model
- Preferred Resource Management Work Plan
- Preferred Resource Management Strategies: Stratified Case Rates

- Preferred Resource Management Strategies: Examples for Legislature
- Preferred Case Management Process
- Innovative Payment Strategies
- Summary of DHS Resource Management Strategies
- Child Welfare Proposal re Stratified Case Rates
- Action Plan Steering Committee Handbook

III. Develop and Implement Action Plan Communication Plan

Process

- Developed Communication Team Plan
- Supported Legislative Advisory Committee
- Provided Statewide ICN Presentations for Providers and DHS Employees
- Held Community Meetings Statewide with Stakeholders
- Briefed Governor and Administrative Staff
- Held Central Office Action Plan Update Meetings
- Presented Action Plan to Sister Agencies

Products

- Overall Communication Plan
- Legislative Advisory Committee Presentations
- ICN Briefings for Providers
- ICN Briefings for DHS Staff
- Community Meeting Presentations
- Executive Briefings

Obtained from Department of Human Services